

Program A: Administrative

Program Authorization: R.S. 40:1299.44

Program Description

The mission of the Administrative Program of the Patients' Compensation Fund Oversight Board is to administer, manage, operate and defend the Patient's Compensation Fund (PCF) in a manner that will timely and efficiently meet the needs and interests of those groups for whom the PCF was created to serve Louisiana health care providers, legitimate victims of medical malpractice and the citizens of the State of Louisiana.

The goal of the Administrative program of the Patient's Compensation Fund Oversight Board is to ensure the longevity of the Patient Compensation Fund by maintaining its financial stability. Ideally, such financial stability would balance the need for sufficient funds to adequately compensate victims of malpractice with surcharge rates that are kept at levels that are not excessive for healthcare providers.

The Administrative Program of the Patient's Compensation Fund Oversight Board consists of five activities: Rate Filing and Classification, Enrollment of Providers/Collection of Surcharge Premiums, Medical Review Panel, Claims, and Administration/Accounting.

Rate Filing and Classification. Healthcare providers are classified based upon the malpractice risk associated with the particular specialty. The classifications are rated accordingly. In conjunction with a consulting actuary, the Board annually evaluates the adequacy of surcharge rates and, when necessary, files for indicated rate increases with the Louisiana Insurance Rating Commission.

Enrollment of Providers/Collections of Surcharge Premiums. The Board is responsible for ensuring that the effective date of a healthcare provider's enrollment with the PCF coincides with payment of the applicable surcharge. Once it is determined that the healthcare provider qualifies and has paid the correct surcharge the Board prepares a 'Certificate of Enrollment' to be kept on file. The PCF now has more than 12,000 health care providers who annually enroll in the Fund. The Board employees must review all documentation to verify the correct surcharge has been submitted within prescribed time frames and post the information to the database. Thousands of surcharge adjustments are made throughout the year for employees of providers who are added or deleted, and for refunds when providers retire or decide to leave the Fund.

Medical Review Panel. Qualified healthcare providers are entitled to have a patient's complaint considered by a Medical Review Panel prior to the commencement of civil litigation. The Board must monitor all progress of the Medical Review Panel process and the ultimate disposition of each case. The Board has the responsibility of advising the patient if the named healthcare providers are indeed qualified. The Board must also advise all named healthcare providers that a complaint has been filed and whether or not the provider is enrolled in the PCF. The Board must further monitor the progress of the Medical Review Panel process and the ultimate disposition of each case. The Board is also responsible for maintaining all relevant data and statistics pertaining to the status and disposition of all aspects of the Medical Review process.

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Claims. The Board is responsible for monitoring all claims filed with the PCF from the time the initial complaint is filed until the claim is abandoned, dismissed, settled or proceeds through the courts for final judgment. The day-to-day claims functions are contractually delegated to the Office of Risk Management. Throughout the claims process a case will be periodically reviewed and re-evaluated to determine whether the potential damages will impact the PCF's layer of coverage. The PCF must determine and set appropriate case reserves to cover the potential exposure for damages and expenses so as to properly represent the potential liability of the PCF. The Board is also responsible for securing the services of legal counsel to advise and represent the Board and the PCF in proceedings relative to various aspects of the Medical Malpractice Act. The responsibility of assigning defense counsel to represent the PCF on individual claims is, by statute, conferred upon the Office of Risk Management

Administration/Accounting. All information and data collected by or reported to the PCF related to the administration, management, operation and defense of the PCF, shall be recorded and maintained by the Board. The Board shall be responsible for maintaining accounts and records for the PCF as may be necessary and appropriate to accurately reflect the financial condition of the PCF on a continuing basis. Most importantly, actuarial data must be gathered and reported to the statutorily mandated annual actuarial study. Annual budget and appropriation requests must be prepared and should accurately reflect all surcharges projected to be collected by the PCF during the fiscal year, together with projected expenses for the administration, management operation and defense of the PCF and satisfaction of its liabilities and obligation.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 2000-2001	ACT 12 2001-2002	EXISTING 2001-2002	CONTINUATION 2002-2003	RECOMMENDED 2002-2003	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	0	0	0	0	0	0
Statutory Dedications	1,405,918	1,711,864	1,711,864	1,820,034	2,101,013	389,149
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	\$1,405,918	\$1,711,864	\$1,711,864	\$1,820,034	\$2,101,013	\$389,149
EXPENDITURES & REQUEST:						
Salaries	\$760,292	\$959,873	\$959,873	\$984,722	\$1,054,293	\$94,420
Other Compensation	47,472	30,000	30,000	30,000	30,000	0
Related Benefits	154,988	200,300	200,300	209,081	212,384	12,084
Total Operating Expenses	210,719	209,600	209,600	178,064	134,069	(75,531)
Professional Services	169,481	231,582	231,582	235,942	391,582	160,000
Total Other Charges	31,326	48,509	48,509	156,507	201,623	153,114
Total Acq. & Major Repairs	31,640	32,000	32,000	25,718	77,062	45,062
TOTAL EXPENDITURES AND REQUEST	\$1,405,918	\$1,711,864	\$1,711,864	\$1,820,034	\$2,101,013	\$389,149
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	27	30	30	30	32	2
Unclassified	1	1	1	1	1	0
TOTAL	28	31	31	31	33	2

SOURCE OF FUNDING

This program is funded with Statutory Dedications from the Patient's Compensation Fund. This revenue is derived from surcharges paid by private health care providers enrolled in this program. (Per R.S. 39:32B. (8), see table below for a listing of expenditures out of each Statutory Dedicated Fund.)

	ACTUAL	ACT 12	EXISTING	CONTINUATION	RECOMMENDED	RECOMMENDED
	2000-2001	2001-2002	2001-2002	2002-2003	2002-2003	OVER/(UNDER)
						EXISTING
Patient's Compensation Fund	\$1,405,918	\$1,711,864	\$1,711,864	\$1,820,034	\$2,101,013	\$389,149

MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$1,711,864	31	ACT 12 FISCAL YEAR 2001-2002
			BA-7 TRANSACTIONS:
\$0	\$0	0	None
\$0	\$1,711,864	31	EXISTING OPERATING BUDGET - December 20, 2001
\$0	\$13,449	0	Annualization of FY 2001-2002 Classified State Employees Merit Increase
\$0	\$14,991	0	Classified State Employees Merit Increases for FY 2002-2003
\$0	\$62,074	0	Risk Management Adjustment
\$0	\$25,718	0	Acquisitions & Major Repairs
\$0	(\$32,000)	0	Non-Recurring Acquisitions & Major Repairs
\$0	\$48,099	0	Rent in State-Owned Buildings
\$0	(\$39,411)	0	Maintenance of State-Owned Buildings
\$0	\$670	0	UPS Fees
\$0	\$21,193	0	Salary Base Adjustment
\$0	(\$22,964)	0	Attrition Adjustment
\$0	\$10,132	0	Group Insurance Adjustment
\$0	\$191	0	Civil Service Fees
\$0	\$166,344	0	Other Adjustments - Funding for a document management system to reduce the amount of paper within the agency's assigned space in the Claiborne Building. The expense was approved by the Patient's Compensation Fund Oversight Board.
\$0	\$45,000	0	Other Adjustments - One-time funding to outsource the fee scheduling task and the training of the agency personnel in fee scheduling. The expense was approved by the Patient's Compensation Fund Oversight Board.
\$0	\$4,000	0	Other Adjustments - One-time funding for operating services associated with moving to the Claiborne Building. The expense was approved by the Patient's Compensation Fund Oversight Board.
\$0	\$1,960	0	Other Adjustments - Funding for Capitol Security.
\$0	(\$16,185)	0	Other Adjustments - Group Benefits adjustment from EOB to FY03.
\$0	\$36,960	1	New and Expanded Adjustments - Accountant position to handle the performance and accounting duties presently being done by the Administrative Director.
\$0	\$48,928	1	New and Expanded Adjustments - Claims Examiner Supervisor position to supervise the six examiners currently on staff.
\$0	\$2,101,013	33	TOTAL RECOMMENDED

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MAJOR FINANCIAL CHANGES

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$2,101,013	33	BASE EXECUTIVE BUDGET FISCAL YEAR 2002-2003
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$2,101,013	33	GRAND TOTAL RECOMMENDED

PROFESSIONAL SERVICES

\$181,682	Legal Services for services rendered for the Patients Compensation Fund Oversight Board.
\$115,000	Advanced Imaging - Funding for the document management system.
\$49,900	Tillinghast Towere-Perrin - Funding for actuarial study to correctly generate a rate filing.
\$45,000	One-time funding for fee scheduling and training.
\$391,582	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$486 Network Services

\$486 SUB-TOTAL OTHER CHARGES

Interagency Transfers:

\$98,640 Office of Risk Management
\$48,099 Rent and maintenance of state-owned buildings
\$42,965 Office of Telecommunications Management
\$4,308 Secretary of State for microfilming of permanent records
\$3,191 Department of Civil Service fees
\$1,960 Department of Public Safety for capitol security
\$1,724 Division of Administration for the Uniform Payroll System fees
\$250 Division of Administration for the Comprehensive Public Training Program

\$201,137 SUB-TOTAL INTERAGENCY TRANSFERS

\$201,623 TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$51,344	Document management system
\$25,718	Replacement of office and computer equipment
\$77,062	TOTAL ACQUISITIONS AND MAJOR REPAIRS